

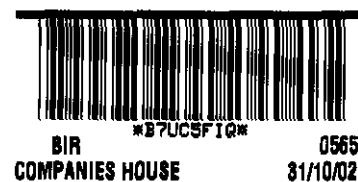
LDS Family Services (UK) Limited

FINANCIAL STATEMENTS

for the year ended

31 December 2001

Company Registration No. 1346482
Registered Charity No. 275643



LDS Family Services (UK) Limited

INDEX TO ANNUAL REPORT AND FINANCIAL STATEMENTS

Year ended 31 December 2001

	Page
Directors and officers	1
Directors' report	2-3
Statement of Directors' responsibilities	4
Report of the auditors	5-6
Statement of financial activities	7
Balance sheet	8
Accounting policies	9-10
Notes to the financial statements	11-15

LDS Family Services (UK) Limited

DIRECTORS AND OFFICERS

31 December 2001

DIRECTORS

F M Riley
H C Brown
J Dodd

SECRETARY

J Dodd

COMPANY NUMBER

1346482 (England and Wales)

REGISTERED CHARITY NUMBER

275643

REGISTERED OFFICE

1st Floor
399 Garretts Green Lane
Garretts Green
Birmingham
B33 0UH

AUDITORS

PricewaterhouseCoopers
Chartered Accountants
Charnwood Court
New Walk
Leicester
LE1 6TE

BANKERS

HSBC Bank plc
34 Poplar Road
Solihull
West Midlands B91 3AF

LDS Family Services (UK) Limited

DIRECTORS' REPORT

The directors, who are the charity's trustees, submit their report and financial statements of LDS Family Services (UK) Limited for the year ended 31 December 2001

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The principal activities of the company are to arrange for the adoption and fostering of children and the provision of counselling services.

The company is a registered charity and its governing documents are its Memorandum and Articles of Association.

RESULTS AND DIVIDENDS

The excess of expenditure over charitable income for the year has been met by The Corporation of the President of the Church of Jesus Christ of Latter-day Saints.

The directors do not recommend the payment of a dividend.

RESERVES

No reserves are held during the year.

DIRECTORS

The following directors have held office since 1 January 2001:-

H C Brown
J Dodd
F M Riley

DIRECTORS' INTERESTS IN SHARES

None of the directors' had, at any time during the year, a beneficial interest in the share capital of the company.

GOVERNANCE AND INTERNAL CONTROL

The directors have considered the risks the charity is exposed to and have ensured that there are suitable controls in place to mitigate those risks.

INTRODUCTION OF THE EURO

The directors believe that the introduction of the Euro will have no impact on the company's activities.

LDS Family Services (UK) Limited

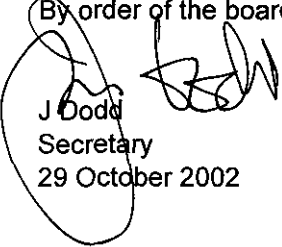
DIRECTORS' REPORT continued

AUDITORS

Baker Tilly, Chartered Accountants, who audited the accounts for the year ended 31 December 2000, resigned and PricewaterhouseCoopers were appointed to fill the vacancy.

A resolution to re-appoint PricewaterhouseCoopers, Chartered Accountants, as auditors will be put to the members at the annual general meeting.

By order of the board



J Dodd
Secretary
29 October 2002

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors' are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgments and estimates that are reasonable and prudent;
- c. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors' are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**AUDITORS' REPORT TO THE MEMBERS OF
LDS FAMILY SERVICES (UK) LIMITED**

for the year ended 31st December 2001

Independent auditors' report to the members of LDS Family Services (UK) Limited

We have audited the financial statements which comprise the statement of financial activities, the balance sheet and related notes.

Respective responsibilities of directors and auditors

The directors also act as trustees for the charitable activities of LDS Family Services (UK) Limited. Their responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board.

We report to you our opinion as to whether the financial statements give a true and fair view, and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the charitable company has not kept proper accounting records, if we have not received all of the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

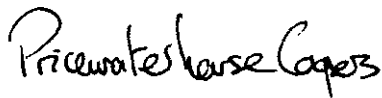
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**AUDITORS' REPORT TO THE MEMBERS OF
LDS FAMILY SERVICES (UK) LIMITED**

for the year ended 31st December 2001

Opinion

In our opinion the financial statements give a true and fair view of the state of the charitable company's affairs at 31 December 2001 and of its incoming resources and application of resources, including its income and expenditure in the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Charnwood Court
New Walk
Leicester
LE1 6TE
29 October 2002

LDS Family Services (UK) Limited

STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 31st December 2001

	<u>Notes</u>	<u>2001</u> £	<u>2000</u> £
Incoming resources			
Charitable work performed		95,465	64,488
Subsidy from parent company		180,864	225,936
Total incoming resources		<u>276,329</u>	<u>290,424</u>
Resources expended			
Direct charitable expenditure	4	276,329	290,424
Total resources expended		<u>276,329</u>	<u>290,424</u>
Net Incoming/(outgoing) resources		-	-
Fund balances brought forward at 1 January 2001		-	-
Fund balances carried forward at 31 December 2001		<u>-</u>	<u>-</u>

The Statement of Financial Activities constitutes an Income and Expenditure account for the purposes of the Companies Act 1985.

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Statement of Financial Activities.

The result for the year arises from the company's continuing activities.

The notes on pages 11 to 15 form part of these financial statements.

LDS Family Services (UK) Limited

Balance Sheet as at 31st December 2001

	<u>Notes</u>	£	<u>2001</u> £	£	<u>2000</u> £
FIXED ASSETS					
Tangible assets	5		21,362		23,254
CURRENT ASSETS					
Debtors	6	24,646		2,275	
Cash at Bank and in hand		3,577		18,318	
		<u>28,223</u>		<u>20,593</u>	
CREDITORS					
Amounts falling due within one year	7	<u>(49,485)</u>		<u>(43,747)</u>	
NET CURRENT LIABILITIES			<u>(21,262)</u>		<u>(23,154)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>100</u>		<u>100</u>
CAPITAL AND RESERVES					
Called up share capital	8		100		100
SHAREHOLDERS' FUNDS - UNRESTRICTED	9		<u>100</u>		<u>100</u>

These accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Approved by the board on 29 October 2002

J Dodd



Director

The notes on pages 11 to 15 form part of these financial statements.

LDS FAMILY SERVICES (UK) LIMITED

Financial statements for the year ended 31st December 2001

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

These financial statements have been prepared in accordance with the Charities (Accounts and Reports) Regulations October 2000, the Statement of Recommended Practice "Accounting and Reporting by Charities" and under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom.

ACCOUNTING CONCEPT

The company's basis of accounting is that income is recorded on the accruals basis. Expenditure is recorded on a cash basis but modified for certain items of accrued expenditure. The effect of not preparing financial statements fully on the accruals basis is not considered by the directors to be material.

FRS 18

The directors have reviewed the accounting policies and confirmed that they are the most applicable.

DEPRECIATION

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:-

Motor vehicles	over 4 years
----------------	--------------

Assets with a cost below £5,000 are not capitalised.

TURNOVER

Turnover represents the amount billed for services provided. The directors consider that an analysis of the turnover by class of business and geographical area is not appropriate and any other breakdown would be prejudicial.

CASH FLOW STATEMENT

No cash flow statement has been prepared as the company meets the small company exemption limit as defined by s247 of the Companies Act 1985.

LDS FAMILY SERVICES (UK) LIMITED

Financial statements for the year ended 31st December 2001

ACCOUNTING POLICIES

PENSION CONTRIBUTIONS

The costs of providing pensions is calculated using actuarial valuation methods which reflect the long-term costs of providing such pensions.

For defined benefit schemes the regular cost of providing for pensions is calculated so as to produce a substantially level percentage of the current and estimated future pensionable payroll; variations from the regular cost so calculated are allocated to the income and expenditure account over the average remaining service lives of employees.

The company has adopted the transitional arrangements of FRS17 "Retirement Benefits" for the year ended 31 December 2001. The disclosures required by this standard are shown in note 13. As permitted by its transitional arrangements, figures arising under the standard have not been reflected in the financial statements.

LDS FAMILY SERVICES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31st December 2001

1 TURNOVER

The company's turnover and result before taxation were all derived from charitable work performed in connection with its principal activity.

The company's turnover was wholly earned within the United Kingdom.

2 RESULT FOR THE YEAR	2001 £	2000 £
-----------------------	-----------	-----------

This is stated after charging:-

Depreciation on owned assets	16,944	13,181
Auditors' remuneration	2,927	2,502
Profit on disposal of tangible fixed assets	-	245

3 EMPLOYEES	2001 No.	2000 No.
-------------	-------------	-------------

The average weekly number of persons (including directors) employed by the company during the year was:

Directors	3	3
Counsellors	4	4
Office staff	2	2
	<u>9</u>	<u>9</u>

	2001 £	2000 £
Staff costs for the above persons:		
Wages and salaries	159,359	155,807
Social security costs	14,172	13,925
Other pension costs	20,257	20,301
	<u>193,788</u>	<u>190,033</u>

No employee earned in excess of £50,000 during the year.

DIRECTORS REMUNERATION

None of the directors who served during the year ended 31 December 2001 received remuneration from this company, nor was any charge made to the company for their services by any other group company. Additionally no director received reimbursement for expenses incurred during the year.

LDS FAMILY SERVICES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st December 2001

4 ANALYSIS OF TOTAL RESOURCES EXPENDED

	Staff Costs £	Other £	Depreciation £	Total Costs £
Charitable expenditure	193,788	65,597	16,944	276,329

5 TANGIBLE FIXED ASSETS

	Motor Vehicles £
Cost	
1 January 2001	52,726
Additions	15,052
31 December 2001	67,778
Accumulated Depreciation	
1 January 2001	29,472
Charge for the year	16,944
31 December 2001	46,416
Net Book Value	
31 December 2001	21,362
31 December 2000	23,254

LDS Family Services (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2001

6	DEBTORS	2001 £	2000 £
	Due within one year		
	Sundry debtors	24,646	2,275
		<u>24,646</u>	<u>2,275</u>
7	CREDITORS	2001 £	2000 £
	Amounts due within one year		
	Balances due to group undertakings	44,432	41,257
	Accruals	5,053	2,490
		<u>49,485</u>	<u>43,747</u>
8	SHARE CAPITAL	2001 £	2000 £
	Authorised		
	100 ordinary shares of £1 each	100	100
		<u>100</u>	<u>100</u>
	Allotted, issued and fully paid		
	100 ordinary shares of £1 each	100	100
		<u>100</u>	<u>100</u>
9	RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS - UNRESTRICTED	2001 £	2000 £
	Result for the financial year	-	-
	Opening shareholders' funds	100	100
		<u>100</u>	<u>100</u>
	Closing shareholders' funds	<u>100</u>	<u>100</u>

Shareholders' funds are entirely attributable to equity interests.

LDS FAMILY SERVICES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2001

10 ULTIMATE HOLDING COMPANY

The company is owned by LDS Family Services (Utah), a company incorporated in USA.

The ultimate holding companies and controlling parties are The Corporation of The President of The Church of Jesus Christ of Latter-day Saints and The Corporation of the Presiding Bishop of The Church of Jesus Christ of Latter-day Saints, corporations incorporated in the state of Utah in the United States of America.

Assurances of continued financial support have been received from The Corporation of The President of The Church of Jesus Christ of Latter-day Saints.

11 RELATED PARTY TRANSACTIONS

During the year the company received a subsidy of £180,864 from The Corporation of the President of The Church of Jesus Christ of Latter-day Saints. The balance due to The Corporation of The President of The Church of Jesus Christ of Latter-day Saints at the year end is disclosed in note 7 (balance due to group undertakings).

The company is provided with offices rent free by The Church of Jesus Christ of Latter-day Saints (Great Britain) a fellow subsidiary jointly owned by The Corporation of the President and The Corporation of the Presiding Bishop of The Church of Jesus Christ of Latter-day Saints.

12 FUTURE FINANCE

The Corporation of the President of the Church of Jesus Christ of Latter-day Saints has confirmed that it will continue to provide the funds to support the company's future activities.

13 PENSION AND OTHER POST EMPLOYMENT COMMITMENTS

The company participates in the Deseret UK Benefits Plan. This is a funded defined benefit multi-employer scheme in the United Kingdom.

The most recent formal actuarial valuation was carried out as at 31 December 2001, which was prepared by an independent qualified actuary using the projected unit method, showed that the market value of the total scheme's assets was £13,235,368.

The major assumptions adopted in this valuation were:-

At 31 December 2001

Investment return	6.25%
Increase in salaries	4.00%
Increase in pensions in payment	2.50%
Discount rate	6.00%
Inflation	2.50%

The charge for pension costs in 2001 was £20,257 (2000:£20,301)

LDS FAMILY SERVICES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2001

13 PENSION AND OTHER POST EMPLOYMENT COMMITMENTS(continued)

The assets of Deseret UK Benefit Plans and the expected rate of return were :-

	At 31 December 2001	At 31 December 2001
		£000
Equities	7.0%	10,654
Property	6.0%	662
Bonds and Cash	4.6%	1,919
Total market value of assets		13,235
Actuarial value of liability		(14,698)
Deficit in the scheme		<u>(1,463)</u>

The company is unable to identify its share of the underlying assets and liabilities of the scheme. As a result the company's cost is based on pension contributions payable in accordance with advice of professionally qualified actuaries.

14 TAXATION

The company is a registered charity and as such is entitled to certain tax exemptions on income and profits carried on in furtherance of the charity's primary objectives, if the profits and surpluses are applied solely for charitable purposes.